

**STATE BONDING FUND**  
**INVESTMENT PERFORMANCE REPORT AS OF MARCH 31, 2005**

|  | March-05         |               |               |               |               | December-04      |               |               |               | September-04     |               |               |               | Current       | Prior Year    | 3 Years       | 5 Years       |
|--|------------------|---------------|---------------|---------------|---------------|------------------|---------------|---------------|---------------|------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  | Allocation       |               | Quarter       | Month         | Net ROR       | Allocation       |               | Quarter       | Net ROR       | Allocation       |               | Quarter       | Net ROR       | FYTD          | FY04          | Ended         | Ended         |
|  | Market Value     | Actual        |               |               |               | Market Value     | Actual        |               |               | Market Value     | Actual        |               |               | Net           | Net           | 6/30/2004     | 6/30/2004     |
| <b>LARGE CAP DOMESTIC EQUITY</b>       |                  |               |               |               |               |                  |               |               |               |                  |               |               |               |               |               |               |               |
| <i>Structured Growth</i>               |                  |               |               |               |               |                  |               |               |               |                  |               |               |               |               |               |               |               |
| Los Angeles Capital                    | 83,838           | 2.2%          | 2.3%          | -1.11%        | -1.21%        | 86,394           | 2.2%          | 2.3%          | 10.37%        | 81,984           | 2.2%          | 2.3%          | -4.14%        | 4.63%         | N/A           | N/A           | N/A           |
| <b>Total Structured Growth</b>         | <b>83,838</b>    | <b>2.2%</b>   | <b>2.3%</b>   | <b>-1.11%</b> | <b>-1.21%</b> | <b>86,394</b>    | <b>2.2%</b>   | <b>2.3%</b>   | <b>10.37%</b> | <b>81,984</b>    | <b>2.2%</b>   | <b>2.3%</b>   | <b>-4.14%</b> | <b>4.63%</b>  | <b>17.58%</b> | <b>-6.28%</b> | <b>-7.85%</b> |
| Russell 1000 Growth                    |                  |               |               | -4.09%        | -1.82%        |                  |               |               | 9.17%         |                  |               |               | -5.23%        | -0.76%        | 17.88%        | -3.74%        | -6.48%        |
| <i>Structured Value</i>                |                  |               |               |               |               |                  |               |               |               |                  |               |               |               |               |               |               |               |
| LSV                                    | 92,754           | 2.4%          | 2.3%          | 1.62%         | -0.77%        | 93,033           | 2.4%          | 2.3%          | 9.01%         | 89,406           | 2.4%          | 2.3%          | 3.21%         | 14.34%        | 30.56%        | 9.33%         | 8.36%         |
| Russell 1000 Value                     |                  |               |               | 0.09%         | -1.37%        |                  |               |               | 10.38%        |                  |               |               | 1.54%         | 12.18%        | 21.13%        | 2.96%         | 1.87%         |
| <i>Russell 1000 Enhanced Index</i>     |                  |               |               |               |               |                  |               |               |               |                  |               |               |               |               |               |               |               |
| LA Capital                             | 176,957          | 4.6%          | 4.5%          | -1.04%        | -1.64%        | 182,231          | 4.7%          | 4.5%          | 9.28%         | 174,651          | 4.6%          | 4.5%          | -1.68%        | 6.32%         | N/A           | N/A           | N/A           |
| Russell 1000                           |                  |               |               | -1.91%        | -1.58%        |                  |               |               | 9.80%         |                  |               |               | -1.81%        | 5.76%         | N/A           | N/A           | N/A           |
| <i>S&amp;P 500 Enhanced Index</i>      |                  |               |               |               |               |                  |               |               |               |                  |               |               |               |               |               |               |               |
| Westridge                              | 170,146          | 4.4%          | 4.5%          | -2.08%        | -1.74%        | 177,077          | 4.6%          | 4.5%          | 9.47%         | 169,705          | 4.5%          | 4.5%          | -1.99%        | 5.06%         | N/A           | N/A           | N/A           |
| S&P 500                                |                  |               |               | -2.15%        | -1.77%        |                  |               |               | 9.23%         |                  |               |               | -1.87%        | 4.89%         | N/A           | N/A           | N/A           |
| <i>Index</i>                           |                  |               |               |               |               |                  |               |               |               |                  |               |               |               |               |               |               |               |
| State Street                           | 51,143           |               |               | -2.14%        | -1.76%        | 53,266           |               |               | 9.23%         | 51,081           |               |               | -1.88%        | 4.87%         | 19.01%        | -0.75%        | -2.28%        |
| <b>Total Index</b>                     | <b>51,143</b>    | <b>1.3%</b>   | <b>1.5%</b>   | <b>-2.14%</b> | <b>-1.76%</b> | <b>53,266</b>    | <b>1.4%</b>   | <b>1.5%</b>   | <b>9.23%</b>  | <b>51,081</b>    | <b>1.3%</b>   | <b>1.5%</b>   | <b>-1.88%</b> | <b>4.87%</b>  | <b>19.01%</b> | <b>-0.75%</b> | <b>-2.28%</b> |
| S&P 500                                |                  |               |               | -2.15%        | -1.77%        |                  |               |               | 9.23%         |                  |               |               | -1.87%        | 4.89%         | 19.11%        | -0.70%        | -2.21%        |
| <b>TOTAL LARGE CAP DOMESTIC EQUITY</b> | <b>574,838</b>   | <b>14.9%</b>  | <b>15.0%</b>  | <b>-1.04%</b> | <b>-1.48%</b> | <b>592,001</b>   | <b>15.2%</b>  | <b>15.0%</b>  | <b>9.45%</b>  | <b>566,826</b>   | <b>14.9%</b>  | <b>15.0%</b>  | <b>-1.42%</b> | <b>6.78%</b>  | <b>21.46%</b> | <b>0.15%</b>  | <b>-1.39%</b> |
| S&P 500                                |                  |               |               | -2.15%        | -1.77%        |                  |               |               | 9.23%         |                  |               |               | -1.87%        | 4.89%         | 19.11%        | -0.70%        | -2.21%        |
| <b>SMALL CAP DOMESTIC EQUITY</b>       |                  |               |               |               |               |                  |               |               |               |                  |               |               |               |               |               |               |               |
| <i>Manager-of-Managers</i>             |                  |               |               |               |               |                  |               |               |               |                  |               |               |               |               |               |               |               |
| SEI                                    | 189,205          | 4.9%          | 5.0%          | -5.10%        | -2.71%        | 199,830          | 5.1%          | 5.0%          | 14.79%        | 187,008          | 4.9%          | 5.0%          | -3.60%        | 5.02%         | 32.99%        | 5.51%         | N/A           |
| Russell 2000 + 200bp                   |                  |               |               | -4.86%        | -2.70%        |                  |               |               | 14.64%        |                  |               |               | -2.36%        | 6.49%         | 35.99%        | 7.90%         | N/A           |
| <b>TOTAL SMALL CAP DOMESTIC EQUITY</b> | <b>189,205</b>   | <b>4.9%</b>   | <b>5.0%</b>   | <b>-5.10%</b> | <b>-2.71%</b> | <b>199,830</b>   | <b>5.1%</b>   | <b>5.0%</b>   | <b>14.79%</b> | <b>187,008</b>   | <b>4.9%</b>   | <b>5.0%</b>   | <b>-3.60%</b> | <b>5.02%</b>  | <b>32.99%</b> | <b>5.54%</b>  | <b>7.29%</b>  |
| Russell 2000                           |                  |               |               | -5.34%        | -2.86%        |                  |               |               | 14.09%        |                  |               |               | -2.86%        | 4.92%         | 33.36%        | 6.24%         | 6.63%         |
| <b>CONVERTIBLES</b>                    |                  |               |               |               |               |                  |               |               |               |                  |               |               |               |               |               |               |               |
| TCW                                    | 381,335          | 9.9%          | 10.0%         | -4.03%        | -1.85%        | 397,368          | 10.2%         | 10.0%         | 8.41%         | 366,600          | 9.6%          | 10.0%         | -4.35%        | -0.48%        | 17.50%        | 1.03%         | 3.90%         |
| Merrill Lynch All Convertibles         |                  |               |               | -5.27%        | -2.35%        |                  |               |               | 5.37%         |                  |               |               | -1.05%        | -1.24%        | 14.16%        | 4.89%         | 5.75%         |
| <b>INTERNATIONAL EQUITY</b>            |                  |               |               |               |               |                  |               |               |               |                  |               |               |               |               |               |               |               |
| <i>Large Cap - Active</i>              |                  |               |               |               |               |                  |               |               |               |                  |               |               |               |               |               |               |               |
| Capital Guardian                       | 150,899          | 3.9%          | 4.0%          | 0.96%         | -1.78%        | 156,972          | 4.0%          | 4.0%          | 10.01%        | 296,674          | 7.8%          | 8.0%          | -1.77%        | 9.11%         | 25.36%        | -0.39%        | 0.54%         |
| LSV                                    | 156,300          | 4.1%          | 4.0%          | 3.73%         | -1.45%        | 158,007          | 4.1%          | 4.0%          | N/A           | -                | 0.0%          | 0.0%          | N/A           | N/A           | N/A           | N/A           | N/A           |
| Transition Account                     | 1                | 0.0%          | 0.0%          | N/A           | N/A           | (45)             | 0.0%          | 0.0%          | N/A           | -                | 0.0%          | 0.0%          | N/A           | N/A           | N/A           | N/A           | N/A           |
| <b>Total Large Cap - Active</b>        | <b>307,199</b>   | <b>8.0%</b>   | <b>8.0%</b>   | <b>2.35%</b>  | <b>-1.61%</b> | <b>314,934</b>   | <b>8.1%</b>   | <b>8.0%</b>   | <b>10.59%</b> | <b>296,674</b>   | <b>7.8%</b>   | <b>8.0%</b>   | <b>-1.77%</b> | <b>11.19%</b> | <b>25.36%</b> | <b>-0.39%</b> | <b>0.54%</b>  |
| MSCI EAFE - 50% Hedged                 |                  |               |               | 1.71%         | -1.37%        |                  |               |               | 11.11%        |                  |               |               | -0.72%        | 12.20%        | 26.98%        | -1.27%        | -2.14%        |
| <i>Small Cap - Value</i>               |                  |               |               |               |               |                  |               |               |               |                  |               |               |               |               |               |               |               |
| Lazard                                 | 37,736           | 1.0%          | 1.0%          | 3.09%         | -1.79%        | 44,279           | 1.1%          | 1.0%          | 16.09%        | 39,858           | 1.0%          | 1.0%          | 0.29%         | 20.02%        | 43.30%        | N/A           | N/A           |
| Citigroup Broad Market Index < \$2BN   |                  |               |               | 4.58%         | -1.80%        |                  |               |               | 16.82%        |                  |               |               | -0.82%        | 21.16%        | 47.95%        | N/A           | N/A           |
| <i>Small Cap - Growth</i>              |                  |               |               |               |               |                  |               |               |               |                  |               |               |               |               |               |               |               |
| Vanguard                               | 36,564           | 1.0%          | 1.0%          | 2.92%         | -2.13%        | 43,115           | 1.1%          | 1.0%          | 18.98%        | 37,867           | 1.0%          | 1.0%          | 0.42%         | 22.96%        | 44.67%        | N/A           | N/A           |
| Citigroup Broad Market Index < \$2BN   |                  |               |               | 4.58%         | -1.80%        |                  |               |               | 16.82%        |                  |               |               | -0.82%        | 21.16%        | 47.95%        | N/A           | N/A           |
| <b>TOTAL INTERNATIONAL EQUITY</b>      | <b>381,499</b>   | <b>9.9%</b>   | <b>10.0%</b>  | <b>2.47%</b>  | <b>-1.70%</b> | <b>402,328</b>   | <b>10.4%</b>  | <b>10.0%</b>  | <b>12.56%</b> | <b>374,399</b>   | <b>9.8%</b>   | <b>10.0%</b>  | <b>-1.32%</b> | <b>13.82%</b> | <b>29.22%</b> | <b>1.03%</b>  | <b>1.40%</b>  |
| MSCI EAFE - 50% Hedged                 |                  |               |               | 1.71%         | -1.37%        |                  |               |               | 11.11%        |                  |               |               | -0.72%        | 12.20%        | 26.98%        | -1.27%        | -2.14%        |
| <b>DOMESTIC FIXED INCOME</b>           |                  |               |               |               |               |                  |               |               |               |                  |               |               |               |               |               |               |               |
| <i>Core Bond</i>                       |                  |               |               |               |               |                  |               |               |               |                  |               |               |               |               |               |               |               |
| Western Asset                          | 713,049          | 18.5%         | 16.7%         | -0.84%        | -0.56%        | 680,741          | 17.5%         | 16.7%         | 1.34%         | 687,449          | 18.1%         | 16.7%         | 3.52%         | 4.03%         | 2.42%         | 7.77%         | 8.10%         |
| Lehman Aggregate                       |                  |               |               | -0.48%        | -0.51%        |                  |               |               | 0.96%         |                  |               |               | 3.20%         | 3.68%         | 0.32%         | 6.35%         | 6.95%         |
| <i>Index</i>                           |                  |               |               |               |               |                  |               |               |               |                  |               |               |               |               |               |               |               |
| Bank of ND                             | 842,367          | 21.9%         | 25.0%         | -0.78%        | -0.37%        | 858,329          | 22.1%         | 25.0%         | 0.40%         | 865,114          | 22.8%         | 25.0%         | 2.54%         | 2.14%         | 0.07%         | 7.10%         | 7.25%         |
| Lehman Intermediate Gov/Credit (1)     |                  |               |               | -0.87%        | -0.52%        |                  |               |               | 0.44%         |                  |               |               | 2.71%         | 2.26%         | -0.05%        | 6.97%         | 7.25%         |
| <i>BBB Average Quality</i>             |                  |               |               |               |               |                  |               |               |               |                  |               |               |               |               |               |               |               |
| Wells Capital (formerly Strong)        | 373,964          | 9.7%          | 8.3%          | -1.15%        | -1.73%        | 382,889          | 9.9%          | 8.3%          | 2.30%         | 385,414          | 10.1%         | 8.3%          | 4.51%         | 5.69%         | 1.18%         | N/A           | N/A           |
| Lehman US Credit BAA                   |                  |               |               | -1.57%        | -1.95%        |                  |               |               | 1.69%         |                  |               |               | 4.76%         | 4.86%         | 1.96%         | N/A           | N/A           |
| <b>TOTAL DOMESTIC FIXED INCOME</b>     | <b>1,929,381</b> | <b>50.2%</b>  | <b>50.0%</b>  | <b>-0.88%</b> | <b>-0.71%</b> | <b>1,921,958</b> | <b>49.5%</b>  | <b>50.0%</b>  | <b>1.11%</b>  | <b>1,937,978</b> | <b>51.0%</b>  | <b>50.0%</b>  | <b>3.27%</b>  | <b>3.50%</b>  | <b>0.79%</b>  | <b>7.00%</b>  | <b>7.45%</b>  |
| Lehman Gov/Credit                      |                  |               |               | -0.67%        | -0.70%        |                  |               |               | 0.80%         |                  |               |               | 3.56%         | 3.69%         | -0.72%        | 6.73%         | 7.10%         |
| <b>CASH EQUIVALENTS</b>                |                  |               |               |               |               |                  |               |               |               |                  |               |               |               |               |               |               |               |
| <i>Bank of ND</i>                      |                  |               |               |               |               |                  |               |               |               |                  |               |               |               |               |               |               |               |
| 90 Day T-Bill                          | 389,026          | 10.1%         | 10.0%         | 0.69%         | 0.25%         | 369,250          | 9.5%          | 10.0%         | 0.53%         | 368,196          | 9.7%          | 10.0%         | 0.44%         | 1.67%         | 1.20%         | 1.72%         | 3.39%         |
|  |                  |               |               | 0.57%         | 0.24%         |                  |               |               | 0.48%         |                  |               |               | 0.37%         | 1.43%         | 0.98%         | 1.71%         | 3.30%         |
| <b>TOTAL BONDING FUND</b>              | <b>3,845,284</b> | <b>100.0%</b> | <b>100.0%</b> | <b>-0.93%</b> | <b>-1.04%</b> | <b>3,882,734</b> | <b>100.0%</b> | <b>100.0%</b> | <b>4.57%</b>  | <b>3,801,006</b> | <b>100.0%</b> | <b>100.0%</b> | <b>0.64%</b>  | <b>4.26%</b>  | <b>9.88%</b>  | <b>4.70%</b>  | <b>5.16%</b>  |
| POLICY TARGET BENCHMARK                |                  |               |               | -1.22%        | -1.11%        |                  |               |               | 4.14%         |                  |               |               | 1.22%         | 4.13%         | 8.00%         | 4.60%         | 4.72%         |

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) Prior to April 1, 2004, the benchmark was the LB Govt/Credit index.